

“(v) support any necessary activities associated with the school carrying out the purposes of this section.

“(D) PRIORITY.—In awarding subgrants under this subsection, an eligible entity shall give priority to an eligible public charter school—

“(i) that has significantly closed any achievement gap on the State academic assessments described in section 1111(b)(3) among the groups of students described in section 1111(b)(2)(C)(v) by improving scores;

“(ii) that—

“(I)(aa) ranks in at least the top 25th percentile of the schools in the State, as ranked by the percentage of students in the proficient or advanced level of achievement on the State academic assessments in mathematics and reading or language arts described in section 1111(b)(3); or

“(bb) has an average student score on an examination (chosen by the Secretary) that is at least in the 60th percentile in reading and at least in the 75th percentile in mathematics; and

“(II) serves a high-need student population and is eligible to participate in a schoolwide program under section 1114, with additional priority given to schools that serve, as compared to other schools that have submitted an application under this subsection—

“(aa) a greater percentage of low-income students; and

“(bb) a greater percentage of not less than 2 groups of students described in section 1111(b)(2)(C)(v)(II); and

“(iii) that meets the criteria described in clause (i) and serves low-income students who have transferred to such school under a cooperative agreement described in section 1116(b)(11).

“(E) DURATION OF SUBGRANT.—A subgrant under this subsection shall be awarded for a period of not more than 5 years, except that an eligible public charter school receiving a subgrant under this subsection may, at the discretion of the eligible entity, continue to expend subgrant funds after the end of the subgrant period.

“(2) FACILITY FINANCING AND REVOLVING LOAN FUND.—An eligible entity may use not more than 25 percent of the amount of the grant funds received under this section to establish a reserve account described in subsection (f) to facilitate public charter school facility acquisition and development by—

“(A) conducting credit enhancement initiatives (as referred to in subpart 2) in support of the development of facilities for eligible public charter schools serving students;

“(B) establishing a revolving loan fund for use by an eligible public charter school receiving a subgrant under this subsection from the eligible entity under such terms as may be determined by the eligible entity to allow such school to expand to serve additional students;

“(C) facilitating, through direct expenditure or financing, the acquisition or development of public charter school buildings by the eligible entity or an eligible public charter school receiving a subgrant under this subsection from the eligible entity, which may be used as both permanent locations for eligible public charter schools or incubators for growing charter schools; or

“(D) establishing a partnership with 1 or more community development financial institutions (as defined in section 103 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4702)) or other mission-based financial institutions to carry out the activities described in subparagraphs (A), (B), and (C).

“(3) ADMINISTRATIVE TASKS, DISSEMINATION ACTIVITIES, AND OUTREACH.—

“(A) IN GENERAL.—An eligible entity may use not more than 7.5 percent of the grant

funds awarded under this section to cover administrative tasks, dissemination activities, and outreach.

“(B) NONPROFIT ASSISTANCE.—In carrying out the administrative tasks, dissemination activities, and outreach described in subparagraph (A), an eligible entity may contract with an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c)(3)) and exempt from tax under section 501(a) of such Code (26 U.S.C. 501(a)).

“(f) RESERVE ACCOUNT.—

“(1) IN GENERAL.—To assist eligible entities in the development of new public charter school buildings or facilities for eligible public charter schools, an eligible entity receiving a grant under this section may, in accordance with State and local law, directly or indirectly, alone or in collaboration with others, deposit the amount of funds described in subsection (e)(2) in a reserve account established and maintained by the eligible entity.

“(2) INVESTMENT.—Funds received under this section and deposited in the reserve account established under this subsection shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities.

“(3) REINVESTMENT OF EARNINGS.—Any earnings on funds received under this subsection shall be deposited in the reserve account established under this section and used in accordance with the purpose described in subsection (a).

“(4) RECOVERY OF FUNDS.—

“(A) IN GENERAL.—The Secretary, in accordance with chapter 37 of title 31, United States Code, shall collect—

“(i) all funds in a reserve account established by an eligible entity under this subsection if the Secretary determines, not earlier than 2 years after the date the eligible entity first received funds under this section, that the eligible entity has failed to make substantial progress carrying out the purpose described in paragraph (1); or

“(ii) all or a portion of the funds in a reserve account established by an eligible entity under this subsection if the Secretary determines that the eligible entity has permanently ceased to use all or a portion of funds in such account to accomplish the purpose described in paragraph (1).

“(B) EXERCISE OF AUTHORITY.—The Secretary shall not exercise the authority provided under subparagraph (A) to collect from any eligible entity any funds that are being properly used to achieve such purpose.

“(C) PROCEDURES.—Sections 451, 452, and 458 of the General Education Provisions Act shall apply to the recovery of funds under subparagraph (A).

“(D) CONSTRUCTION.—This paragraph shall not be construed to impair or affect the authority of the Secretary to recover funds under part D of the General Education Provisions Act.

“(5) REALLOCATION.—Any funds collected by the Secretary under paragraph (4) shall be awarded to eligible entities receiving grants under this section in the next fiscal year.

“(g) FINANCIAL RESPONSIBILITY.—The financial records of each eligible entity and eligible public charter school receiving a grant or subgrant, respectively, under this section shall be maintained in accordance with generally accepted accounting principles and shall be subject to an annual audit by an independent public accountant.

“(h) NATIONAL EVALUATION.—

“(1) NATIONAL EVALUATION.—From the amounts appropriated under section 5200, the Secretary shall conduct an independent, comprehensive, and scientifically sound evaluation, by grant or contract and using the highest quality research design avail-

able, of the impact of the activities carried out under this section on—

“(A) student achievement; and

“(B) other areas, as determined by the Secretary.

“(2) REPORT.—Not later than 4 years after the date of the enactment of the All Students Achieving through Reform Act of 2010, and biannually thereafter, the Secretary shall submit to Congress a report on the results of the evaluation described in paragraph (1).

“(i) REPORTS.—Each eligible entity receiving a grant under this section shall prepare and submit to the Secretary the following:

“(1) REPORT.—A report that contains such information as the Secretary may require concerning use of the grant funds by the eligible entity, including the academic achievement of the students attending eligible public charter schools as a result of the grant. Such report shall be submitted before the end of the 4-year period beginning on the date of enactment of the All Students Achieving through Reform Act of 2010 and every 2 years thereafter.

“(2) PERFORMANCE INFORMATION.—Such performance information as the Secretary may require for the national evaluation conducted under subsection (h)(1).

“(j) INAPPLICABILITY.—The provisions of sections 5201 through 5209 shall not apply to the program under this section.

“(k) DEFINITIONS.—In this section:

“(1) ADEQUATE YEARLY PROGRESS.—The term ‘adequate yearly progress’ has the meaning given such term in a State’s plan in accordance with section 1111(b)(2)(C).

“(2) ADMINISTRATIVE TASKS, DISSEMINATION ACTIVITIES, AND OUTREACH.—The term ‘administrative tasks, dissemination activities, and outreach’ includes costs and activities associated with—

“(A) recruiting and selecting students to attend eligible public charter schools;

“(B) outreach to parents of students enrolled in identified schools or schools with low graduation rates;

“(C) providing information to such parents and school officials at such schools regarding eligible public charter schools receiving subgrants under this section;

“(D) necessary oversight of the grant program under this section; and

“(E) initiatives and activities to disseminate the best practices, programs, or strategies learned in eligible public charter schools to other public schools operating in the State where the eligible entity intends to award subgrants under this section.

“(3) CHARTER SCHOOL.—The term ‘charter school’ means—

“(A) a charter school, as defined in section 5211(1); or

“(B) a school that meets the requirements of such section, except for subparagraph (D), and provides prekindergarten or adult education services.

“(4) ELIGIBLE ENTITY.—The term ‘eligible entity’ means—

“(A) a State educational agency;

“(B) an authorized public chartering agency;

“(C) a local educational agency that has authorized or is planning to authorize a public charter school; or

“(D) an organization that has an organizational mission and record of success supporting the replication and expansion of high-quality charter schools and is—

“(i) described in section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c)(3)); and

“(ii) exempt from tax under section 501(a) of such Code (26 U.S.C. 501(a)).

“(5) ELIGIBLE PUBLIC CHARTER SCHOOL.—The term ‘eligible public charter school’ means a charter school, including a public charter